

## Message Text

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ACTION EB-07

INFO OCT-01 OMB-01 AID-05 ISO-00 AGR-05 IO-11 COME-00

TRSE-00 AF-06 ARA-06 EA-07 EUR-12 NEA-10 OIC-02 L-03

SS-15 SP-02 NSC-05 H-02 PA-01 PRS-01 CIAE-00 INR-07

NSAE-00 USIA-06 /115 W

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R 021938Z EAR 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9488

INFO AMEMBASSY BRASILIA

AMEMBASSY BRASILIA

AMEMBASSY MEXICO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD EARG

SUBJECT: COFFEE: REPORT ON VERIFICATION OF STOCKS  
MEETING

1. SUMMAR. INTERNATIONAL COFFEE ORGANIZATION (ICO) WORKING GROUP (WG) ON VERIFICATION OF STOCKS MET FEB. 25-27 IN ORDER TO DEVELOP RULES FOR MONITORING YEAR-END COFFEE STOCKS IN MEMBER COUNTRIES OF THE INTERNATIONAL COFFEE AGREEMENT (ICA). THIS WAS A TECHNICAL MEETING OF CONSIDERABLE IMPORTANCE SINCE CARRYOVER STOCKS WILL BE A FACTOR IN DETERMINING THE SIZE OF INDIVIDUAL COUNTRY QUOTAS UNDER THE NEW ICA. SESSION WAS GENERALLY WORK-MANLIKE, BUT MEETING OF MINDS ON CONTROVERSIAL POINT ON SUBMISSION OF COFFEE SAMPLES TO THE ICO WAS NOT POSSIBLE. EXECUTIVE BOARD WILL MEET TO APPROVE RULES ON MARCH 4. END SUMMARY.

2. WG ON VERIFICATION OF STOCKS MET FEBRUARY 25-27 IN  
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ORDER TO DEVELOP RULES FOR MEASURING LEVEL OF CARRYOVER STOCKS OF EXPORTABLE QUALITY COFFEE IN PRODUCING COUNTRIES. MEETING WAS PARTICULARLY IMPORTANT IN VIEW OF ROLE OF STOCKS IN DETERMINING QUOTAS--WHEN AND IF THEY COME INTO FORCE--UNDER NEW ICA AND SINCE ATTEMPTS AT MEASURING STOCKS UNDER PRIOR AGREEMENTS HAVE BEEN HAPHAZARD AND INACCURATE. PARTICIPATING IN MEETING AS WG MEMBERS WERE THE U.S., U.K., FRANCE, FRG, NETHERLANDS, BRAZIL, COLOMBIA, EL SALVADOR, COSTA RICA, KENYA, AND OAMCAF, WITH UGANDA, GUATEMALA, MEXICO, PERU ALSO ATTENDING.

3. DELIBERATIONS FOR MOST PART WERE WORKMANLIKE, WITH STAFF WORK DONE BY SECRETARIAT ESPECIALLY NOTABLE. EXECUTIVE DIRECTOR WAS WELL AWARE OF INADEQUACIES OF EARLIER SYSTEM AND FELT DRAFT REGULATIONS (WP VERIFICATION OF STOCKS NO. 1) OFFERED BEST CHANCE OF MAKING VERIFICATION EFFECTIVE IN FUTURE. REPRESENTATIVES OF THE GENERAL SUPERINTENDENCE COMPANY (GSC), WHICH IS EXPECTED TO SERVE AS AGENTS FOR ICO IN PERFORMING VERIFICATIONS, ALSO ATTENDED, ANSWERED QUESTIONS AND STRONGLY SUPPORTED EXECUTIVE DIRECTOR THROUGHOUT.

4. MEETING CONSIDERED DRAFT REGULATIONS IN CONSIDERABLE DETAIL (BUT ONLY NOTED ANOTHER WP), APPROVING ALL BUT PARAS. 5 AND 6 WITH MINOR AMENDMENTS. ISSUE POSED BY THESE TWO PARAS. IN ESSENCE IS THAT OF DEGREE OF RIGOR TO BE USED IN DEFINING STOCKS TO BE VERIFIED. DEBATE CENTERED ON WHETHER PRODUCERS SHOULD BE REQUIRED TO SUBMIT SAMPLEQ OF "MINIMUM EXPORT QUALITY" COFFEE TO EXECUTIVE DIRECTOR AND GSC. GSC SPOKESMAN AND EXECUTIVE DIRECTOR MAINTAINED SAMPLES ESSENTIAL TO BRING UNIFORMITY TO INSPECTION PROCESS IN A GIVEN COUNTRY (ONE COUNTRY WAS CITED WITH POSSIBLY AS MANY AS 300 WAREHOUSES REQUIRING INSPECTION), AND TO AVOID SEPARATE "NEGOTIATIONS" BY GSC INSPECTORS WITH EACH WAREHOUSE KEEPER. THEY WERE STRONGLY SUPPORTED BY BRAZIL (LIMA),

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R 021938Z EAR 76

FM AMEMBASSY LONDON

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COSTA RICA AND KENYA.

5. COLOMBIA (SANTOS), HOWEVER, WITH STRONG SUPPORT FROM OAMCAF, AND SOME SUPPORT FROM EL SALVADOR, GUATEMALA, MEXICO AND UGANDA, ARGUED AGAINST OBLIGATION TO SUBMIT SAMPLES, CITING PRINCIPLES OF SOVEREIGNTY AND COMMERCIAL POLICY. REAL ISSUE BOTHERING COLOMBIA MIGHT HAVE BEEN FEAR THAT SUBMISSION OF SAMPLES WOULD INJECT AN ELEMENT OF RIGIDITY INTO MARKETING, I.E., WHAT MIGHT BE CONSIDERED BELOW "MINIMUM EXPORT QUALITY" TODAY COULD BECOME EXPORTABLE QUALITY WITH CHANGED MARKET CONDITIONS TOMORROW. EXECUTIVE DIRECTOR REPEATEDLY EMPHASIZED INDIVIDUAL PRODUCING MEMBER ALONE HAD RIGHT TO DETERMINE "MINIMUM EXPORT QUALITY" (AND TO CHANGE MIND) AND THAT AIM WAS TO PROVIDE A VERIFICATION TOOL, NOT TO INTERFERE IN ANY WAY WITH MARKETING PROCESSES. NEVERTHELESS, MEETING OF MINDS WAS IMPOSSIBLE AND ISSUE WAS DEFERRED FOR LIMITED OFFICIAL USE

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RESOLUTION BY EXECUTIVE BOARD, MEETING MARCH 4.

6. CONSUMERS GENERALLY RECOGNIZED PROBLEM WAS BASICALLY ONE FOR PRODUCERS TO RESOLVE, BUT NEVERTHELESS, ONE OF INTEREST TO ALL MEMBERS. DESPITE CONTROVERSY ON THIS POINT, RESULTS OF MEETING WERE BASICALLY POSITIVE. EFFORTS ARE PRESENTLY UNDERWAY--PARTICULARLY BY MEXICO AND GUATEMALA--TO FIND A COMPROMISE FORMULA.

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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**Draft Date:** 02 MAR 1976  
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**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
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**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**To:** STATE  
**Type:** TE  
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